

**Duchesne County**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2005**

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**AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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### **Independent Auditors' Report**

We have audited the accompanying financial statements of the governmental activities, each major fund, aggregate remaining fund information, and budgetary comparison information of Duchesne County as of and for the year ended December 31, 2005, which collectively comprise Duchesne County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Duchesne County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, aggregate remaining fund information, and budgetary comparison information of Duchesne County as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2006 on our consideration of Duchesne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Duchesne County's basic financial statements. The accompanying financial information listed as combining statements and schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**Aycock, Miles & Associates, CPAs**

June 1, 2006

## Management's Discussion and Analysis

As management of the Duchesne County (the County), we offer readers of the County's financial statements this narrative overview and analysis of financial activities of the County for the fiscal year ended December 31, 2005.

### Financial Highlights

- Assets exceeded liabilities at closest year-end: \$52,898,782 - \$9,774,451 = \$43,124,331. Of this amount, \$9,960,937 is unrestricted and available to meet the County's ongoing obligations.
- Net assets increased \$1,898,524.
- Fund balances increased \$287,899.
- Cash increased \$800,105 from \$9,650,503 to \$10,450,608.
- The County's total assets of \$52,898,782 were 19.8% cash and savings.
- The County's long-term debt increased \$811,643 from \$7,325,000 to \$8,136,643 at year-end.
- Long-term debt is projected to decrease about 13% next year due to payoff of a tar sands pit and other debt.
- Current assets increased \$892,723 from \$12,304,760 to \$13,197,483.
- Current liabilities increased \$1,133,677 from \$1,557,774 to \$2,691,451 (a 116% rise in current portion of long-term debt because of note payable balloon payment).
- The current ratio (current assets/current liabilities) was 4.90 in 2005, 7.90 in 2004 and 8.02 in 2003.
- Current assets compared to total liabilities were 135% in 2005, 147% in 2004, and 140% in 2003—an indication that financial stability is being maintained.
- The 2005, 2004 and 2003 general fund unreserved balances of \$3,645,265, \$2,930,467, and \$2,902,688, respectively, were 41%, 32%, and 34% of general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**—The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector businesses.

The statement of net assets present information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general administration, tax collection, recording, surveying, library and fairgrounds, grants management, fire and emergency management, etc. The County has no business-type activities.

Governmental-wide financial statements can be found on pages 9-10 of this report.

**Fund financial statements**—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The County does not have any proprietary funds.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road fund, debt service fund, solid waste fund and capital projects fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

**Fiduciary Funds**—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds which report in a manner similar to the government-wide financial statements, only in more detail.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-37 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also contains combining statements which provide detail to support the aggregate of nonmajor fund information.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$43,124,331 at the close of the most recent fiscal year. The largest portion of the County's net assets were capital assets (equipment, land, and infrastructure) less related debt still outstanding at 73%. Assets restricted by law or contract for specific purposes were 4%. Unrestricted net assets which may be used to meet the government's ongoing obligations to citizens and creditors comprised 26%. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, we note that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Net Assets	Governmental Activities	
	2005	2004
Current and other assets	\$ 13,197,483	\$ 12,304,760
Non-current assets net of depreciation	39,701,299	37,315,821
Total assets	52,898,782	49,620,581
Current liabilities	2,691,451	1,557,774
Long-term liabilities	7,083,000	6,837,000
Total liabilities	9,774,451	8,394,774
Net assets:		
Invested in capital assets, net of related debt	31,384,766	29,776,390
Restricted	1,778,628	-
Unrestricted	9,960,937	11,449,417
Total net assets	\$ 43,124,331	\$ 41,225,807

The County's net assets increased \$1,898,524 during the current fiscal year. For the most part, ongoing revenues exceeded the operational expenses of the County. A ratio of current assets compared to total liabilities were 135% for 2005 and 147% for 2004. The next segment will outline the changes in net assets.

**Government activities**—Governmental activities increased the County's net assets by \$1,898,524, thereby accounting for 100% of the growth in total net assets. Key elements of this increase are as follows.

Change in Net Assets	Governmental Activities	
	2005	2004
Program revenues:		
Charges for services	\$ 3,996,234	\$ 4,173,192
Operating grants	2,015,061	2,210,015
Capital grants	2,041,868	775,447
General revenues:		
Taxes	6,454,365	5,472,658
Earnings on investments	311,120	186,013
Total revenues	14,818,648	12,817,325
Expenses:		
General government	2,771,221	2,684,136
Roads	1,914,607	1,847,030
Public safety	5,953,705	5,135,139
Health & sanitation	700,852	713,219
Culture & recreation	484,502	393,383
Community development	641,967	712,644
Interest & fees	453,270	319,920
Total expenses	12,920,124	11,805,471
Increase in net assets	\$ 1,898,524	\$ 1,011,854

Revenues from service charges and operating grants were slightly lower than the previous year. Capital grants and contributions increased because land that was previously thought to be abandoned was included on the books at its original purchase price from years ago (purchase price of \$1.8 million less an outstanding loan of \$573,069 was considered a capital contribution). General revenues from property taxes experienced an 18% increase. Tax

revenue increases reflect an increase in the valuation of property across the County due to significant economic growth of the oilfield industry.

The current year brought higher expenses for many of the expense categories except for health and sanitation and community development. The public safety departments required significant payroll and benefits increases to remain a competitive employer. Interest increased substantially as a note payable once considered canceled was renewed and about \$179,574 of accrued interest was paid. Other areas increased mainly from an increase in budget.

The County uses these increases in net assets to pay for new equipment and debt service. The analysis of the government's funds includes capital outlay and debt service.

### **Financial Analysis of the Government's Funds**

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**—The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,423,628, an increase of \$287,899 in comparison with the prior year. Of this total amount, the unreserved fund balance is \$4,329,188, the reserved balance is \$1,778,628, and the designated balance is \$5,315,812. Unreserved balances are available for spending at the government's discretion. Reserved balances are set aside for their grant or special revenue purposes. Specifically, \$943,395 is reserved for roads and \$699,000 for building construction. The designated balances have been earmarked by the Commission for certain purposes including \$679,890 for the landfill, \$3,743,914 for capital projects, and \$863,161 for debt service; however, the Commission is not bound by these purposes and can reallocate the funds back to the general fund.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,645,265, while total general fund balance was the same balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved general fund balance and total fund balance to total fund expenditures. The 2005 unreserved fund balance represents 39.5% of total general fund expenditures (includes operating transfers out). The 2004 unreserved fund balance represented about 32.4%. As a result, the general fund has a slightly larger cushion of funds to meet budgeted expenses.

The fund balance of the County's general fund increased by \$714,798 during the current fiscal year. The general fund increased because various taxes and charges exceeded expenses for all departments.

The road fund has a total fund balance of \$943,395, a decrease of \$703,646 from the previous year.

The capital projects fund has a total fund balance \$4,471,761, an increase of \$129,221. The Commission has designated this entire balance for capital outlay for the County. The capital projects fund receives its additions to fund balance largely through operating transfers from other funds, particularly the general fund.

### **Fund Budgetary Highlights**

Some amendments were made to the funds' original budgets to cover deviations from projected expenses. The general fund budget was decreased \$744,618 or 8.7%. The road department did not change their budget and the solid waste department increased their budget by \$50,000.

### **Capital Asset and Debt Administration**

**Capital assets**—The County's investment in capital assets for its governmental activities as of December 31, 2005 is \$39,521,409 (net of accumulated depreciation). These capital assets range from copiers to earthmovers, buildings, and infrastructure. Net capital assets increased \$2,420,019. Net capital assets increased because additions of \$4,188,529 were greater than depreciation and disposals of \$1,768,510. The road department increased roads and bridges by \$739,108, land by \$1,785,310, and equipment by \$219,848 (a majority of net asset changes). The Sheriff's department purchased a significant amount of vehicles but sold as surplus a similar balance. All other County departments had relatively small net asset changes to compared to the road department.

Net Capital Assets	Governmental Activities	
	2005	2004
Capital assets, net of depreciation	\$ 13,848,878	\$ 13,915,942
Land & infrastructure	25,672,531	23,185,448
Total	\$ 39,521,409	\$ 37,101,390

**Long-term debt**—The County increased its long-term debt \$811,643 from \$7,325,000 to \$8,136,643. The County does not maintain a debt rating. State statutes limit the amount of general obligation bond debt and do not limit the amount of revenue bond debt. In either case, an election must be held although there are some exceptions to revenue bond issuance. The County had \$5,675,000 general obligation debt and \$2,461,643 revenue bond debt. For the 2006 year, the County expects to decrease its debt principal about \$1,053,643. For the five years following the 2006 year, the County will pay about \$560,000 each year in principal payments.

The County paid down principal of \$460,426 but increased its overall debt by adding a total of \$1,272,069 from three notes payable.

The County also has conduit debt of \$4,474,000. This conduit debt is debt in the name of the County on behalf of other entities who are responsible for the debt service. The County has elected to not report this conduit debt or its corresponding note receivables in the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

Economic factors of Duchesne County have been on the rise recent years. Economic growth hinges on the success of oilfield operations which have been growing significantly due to an increase in crude oil prices. Taxable values of local and state assessed real property increased 20% and 15% during the years 2005 and 2004, respectively. The oilfield economy performed very well last year causing increases in property values.

General fund budget of \$9,973,360 for the 2006 year is 8% larger in total than the most recent year-end's actual expenditures of \$9,235,050. Budget increases were generally due to inflationary measures.

The County has budgeted for an increase in tax revenues due to overall growth of the tax base valuation. Because valuations are expected to increase in the County, the tax rates are still anticipated to fall slightly. The rates have dropped slightly for each of the last three years.



### Modified Approach to Infrastructure Assets

Governments have the option of not reporting depreciation on one or more networks or subsystems of their infrastructure assets. Duchesne County has elected to not depreciate its infrastructure and therefore has adopted the modified approach. The modified approach requires a target condition and a condition assessment to be made at least every three years.

This is the third year that the County has published a condition assessment for its infrastructure. The County believes that the current conditions of its roads and bridges can be maintained with the approximate level of expenditures that occurred during the most recent year end.

The County maintains 398 miles of paved roads, 406 miles of gravel roads, 311 miles of dirt roads, and 67 bridges. The County has adopted a 1-5 scale (5 is best) for its roads and bridges. The assessed road conditions are slightly better than the County's target conditions. See condition assessment below for bridges and road miles.

2005 Year					
Condition (5 best)	Bridges under 20 ft	Bridges	Paved	Gravel	Dirt
1	-	-	29	-	123
2	1	-	40	21	126
3	3	14	116	165	63
4	8	8	97	94	-
5	5	28	117	126	-
Average Target	3.90	4.25	3.45	3.80	1.80
Average Assessment	4.00	4.28	3.58	3.80	1.81

2004 Year				
Condition (5 best)	Bridges	Paved	Gravel	Dirt
1	-	27	-	122
2	-	36	21	124
3	14	107	170	62
4	8	89	98	-
5	28	107	131	-
Average Target	4.25	3.45	3.80	1.80
Average Assessment	4.28	3.58	3.81	1.81

The average condition assessment has remained similar to the prior year. For the 2005 year, the County has been able to assess its bridges under 20 feet in length.

### Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Duchesne County Clerk/Auditor, 734 N. County Street, Duchesne, Utah 84021.

Duchesne County  
**STATEMENT OF NET ASSETS**  
December 31, 2005

	Governmental Activities	Component Units
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 10,450,608	\$ 1,075,729
Receivables, net of allowances:		
Taxes or customer	1,271,211	22,304
Delinquent property taxes	315,937	-
Interest	14,588	-
Intergovernmental	1,024,441	1,157,557
Prepaid expenses	120,698	341
Total current assets	13,197,483	2,255,931
Non current assets:		
Capital assets, net of accumulated depreciation	13,848,878	2,364,329
Land & infrastructure	25,672,531	155,601
Investment in joint venture	179,890	-
Total noncurrent assets	39,701,299	2,519,930
<b>Total Assets</b>	<b>\$ 52,898,782</b>	<b>\$ 4,775,861</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 1,010,332	\$ 335,428
Deferred revenue	54,900	3,838
Accrued payroll and related items	560,679	2,806
Unamortized discount	11,897	-
Notes & bonds payable-current	1,053,643	67,000
Total current liabilities	2,691,451	409,072
Noncurrent liabilities:		
Note & bonds payable-long-term	7,083,000	1,160,814
Total noncurrent liabilities	7,083,000	1,160,814
<b>Total Liabilities</b>	<b>9,774,451</b>	<b>1,569,886</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	31,384,766	-
Restricted assets	1,778,628	-
Unrestricted assets	9,960,937	3,205,975
Total Net Assets	43,124,331	3,205,975
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 52,898,782</b>	<b>\$ 4,775,861</b>

See accompanying notes.

**Duchesne County**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2005

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total
<b>Governmental Activities:</b>					
General government	\$ 2,771,221	\$ 472,444	\$ 7,503	\$ -	\$ (2,291,274)
Roads	1,914,607	16,254	1,742,605	1,235,359	1,079,611
Sheriff & court system	2,977,971	616,784	166,325	499,452	(1,695,410)
Fire & emergency management	519,100	31,997	7,361	-	(479,742)
Corrections	2,456,634	2,388,472	-	-	(68,162)
Health & sanitation	700,852	381,150	-	-	(319,702)
Culture & recreation	484,502	84,384	91,267	-	(308,851)
Community development	641,967	4,749	-	307,057	(330,161)
Interest and fees	453,270	-	-	-	(453,270)
Total Primary Government	12,920,124	3,996,234	2,015,061	2,041,868	(4,866,961)
<b>Component Units:</b>					
Fruitland Water	151,917	164,103	-	69,250	81,436
Special Service District No. 2	1,957,206	-	2,245,906	-	288,700
Total Component Units	\$ 2,109,123	\$ 164,103	\$ 2,245,906	\$ 69,250	370,136
<b>General Revenues:</b>					
Fees in lieu of taxes					1,279,527
Property taxes					3,445,621
Sales taxes					1,729,217
Earnings on investments					311,120
Total General Revenues					6,765,485
Change in Net Assets					1,898,524
Beginning Net Assets					41,225,807
Ending Net Assets					\$ 43,124,331
					\$ 3,205,975

See accompanying notes.  
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**Duchesne County**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
*December 31, 2005*

**Total Fund Balances for Governmental Funds** **\$ 11,423,628**

Total net assets reported for governmental activities in the statement of net assets is different because of the following:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Depreciable property, net of accumulated depreciation	13,848,878	
Land & infrastructure	<u>25,672,531</u>	39,521,409

Deferred property tax revenue includes delinquent property taxes in the fund statements but not in the government-wide statements.	315,937
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Unamortized premium from transactions related to advance refunding bonds	-
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Long-term liabilities, including bonds payable, are due and payable in the current period and therefore are not reported in the funds	<u>(8,136,643)</u>
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**Total Net Assets of Governmental Activities** **\$ 43,124,331**

**Duchesne County**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
*December 31, 2005*

**Net Change in Fund Balances--Total Governmental Funds**

**\$ 287,899**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays for buildings & equipment	3,449,421	
Capital outlays for infrastructure	739,108	
Loss of book value on disposal of equipment	(559,359)	
Depreciation	<u>(1,209,149)</u>	2,420,021

Government funds do not report changes in delinquent taxes as revenue because these revenues are not available for current period expenses.	65,063
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Proceeds from long-term debt are not included in the statement of activities	(1,272,069)
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Amortizing of unamortized bond premium to interest expense	(62,816)
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Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability.	<u>460,426</u>
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**Change in Net Assets of Governmental Activities**

**\$ 1,898,524**

Duchesne County  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2005

	Special Revenue Funds					Total
	General	Roads	Solid Waste	Capital Projects	Debt Service	Other Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 3,289,742	\$ 679,772	\$ 1,232,634	\$ 4,471,761	\$ 863,161	\$ (86,462)
Receivables, net of allowances:						
Taxes or customer	1,199,192	-	35,133	-	-	36,886
Delinquent taxes	315,937	-	-	-	-	-
Interest	14,588	-	-	-	-	-
Intergovernmental	513,116	263,623	-	-	-	247,702
Prepaid expenses	120,698	-	-	-	-	-
Investment in joint venture	-	-	179,890	-	-	-
<b>Total Assets</b>	<b>\$ 5,453,273</b>	<b>\$ 943,395</b>	<b>\$ 1,447,657</b>	<b>\$ 4,471,761</b>	<b>\$ 863,161</b>	<b>\$ 198,126</b>
<b>Liabilities &amp; Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 926,957	\$ -	\$ 83,078	\$ -	\$ -	\$ 297
Accrued payroll and related items	553,217	-	766	-	-	6,696
Unamortized discount	11,897	-	-	-	-	-
Deferred revenues	315,937	-	-	-	-	54,900
<b>Total Liabilities</b>	<b>1,808,008</b>	<b>-</b>	<b>83,844</b>	<b>-</b>	<b>-</b>	<b>61,893</b>
<b>Fund Balances:</b>						
Designated balance	-	-	679,890	3,772,761	863,161	-
Reserved balance	-	943,395	-	699,000	-	136,233
Unreserved	3,645,265	-	683,923	-	-	-
<b>Total Fund Equity</b>	<b>3,645,265</b>	<b>943,395</b>	<b>1,363,813</b>	<b>4,471,761</b>	<b>863,161</b>	<b>136,233</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 5,453,273</b>	<b>\$ 943,395</b>	<b>\$ 1,447,657</b>	<b>\$ 4,471,761</b>	<b>\$ 863,161</b>	<b>\$ 198,126</b>

See accompanying notes.  
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Duchesne County  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2005

	Special Revenue Funds					Debt Service	Other Funds	Total
	General	Roads	Solid Waste	Capital Projects				
<b>Revenues:</b>								
Taxes	\$ 6,269,894	\$ -	\$ -	\$ -	\$ -	\$ -	142,201	\$ 6,412,095
Licenses and permits	208,603	-	-	-	-	-	-	208,603
Intergovernmental	227,410	1,742,606	-	7,000	11,250	-	1,038,257	3,026,523
Charges for services, fees	3,158,837	-	380,979	3,859	-	-	6,602	3,550,277
Miscellaneous	46,403	251	-	308,878	-	-	-	355,532
Earnings on investments	38,701	38,343	38,128	128,543	37,817	-	6,798	288,330
<b>Total Revenue</b>	<b>9,949,848</b>	<b>1,781,200</b>	<b>419,107</b>	<b>448,280</b>	<b>49,067</b>	<b>1,193,858</b>		<b>13,841,360</b>
<b>Expenditures:</b>								
General government	2,536,365	-	-	-	-	-	-	2,536,365
Public safety	4,543,027	-	-	-	-	-	688,189	5,231,216
Public health	250,195	-	373,755	-	-	-	-	623,950
Highways & public improvements	334,232	1,151,742	-	60,733	-	-	-	1,546,707
Culture and recreation	194,784	-	-	-	-	-	239,529	434,313
Community & economic development	358,444	-	-	-	-	-	282,057	640,501
Capital outlay	23,185	1,333,104	-	2,830,444	-	-	1,796	4,188,529
Debt Service:								
Principal	-	-	-	20,426	440,000	-	-	460,426
Interest & fees	-	-	-	179,574	210,880	-	-	390,454
<b>Total Expenditures</b>	<b>8,240,232</b>	<b>2,484,846</b>	<b>373,755</b>	<b>3,091,177</b>	<b>650,880</b>	<b>1,211,571</b>		<b>16,052,461</b>
Excess (deficiency) of revenue over expenditures	1,709,616	(703,646)	45,352	(2,642,897)	(601,813)	(17,713)		(2,211,101)
<b>Other Sources &amp; Uses:</b>								
Loan proceeds	-	-	-	1,272,069	-	-	-	1,272,069
Reacquisition of land	-	-	-	1,226,931	-	-	-	1,226,931
Operating transfer in	-	-	-	273,118	746,700	-	-	1,019,818
Operating transfer (out)	(994,818)	-	-	-	-	(25,000)	-	(1,019,818)
Excess (deficiency) of revenue over expenditures after other sources & uses	714,798	(703,646)	45,352	129,221	144,887	(42,713)		287,899
Fund balance, January 1	2,930,467	1,647,041	1,318,461	4,342,540	718,274		178,946	11,135,729
Fund balance, December 31	\$ 3,645,265	\$ 943,395	\$ 1,363,813	\$ 4,471,761	\$ 863,161	\$ 136,233	\$	\$ 11,423,628

See accompanying notes.  
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Duchesne County  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 5,525,000	\$ 5,825,000	\$ 6,269,894	\$ 444,894
Licenses and permits	110,000	110,000	208,603	98,603
Intergovernmental	281,425	271,425	227,410	(44,015)
Charges for services, fees	3,184,600	3,179,600	3,158,837	(20,763)
Miscellaneous	19,000	83,633	46,403	(37,230)
Earnings on investments	15,000	15,000	38,701	23,701
Total Revenue	9,135,025	9,484,658	9,949,848	465,190
<b>Expenditures:</b>				
General government	3,598,984	2,720,894	2,536,365	184,529
Public safety	4,750,131	4,618,935	4,543,027	75,908
Public health	198,275	250,775	250,195	580
Highways & public improvements	164,930	353,238	334,232	19,006
Culture and recreation	295,090	217,790	194,784	23,006
Community & economic development	335,248	378,908	358,444	20,464
Capital outlay	-	57,500	23,185	34,315
Debt Service:				
Principal	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	9,342,658	8,598,040	8,240,232	357,808
Excess (deficiency) of revenue over expenditures	(207,633)	886,618	1,709,616	822,998
<b>Other Sources &amp; Uses:</b>				
Operating transfer in	-	-	-	-
Operating transfer (out)	-	(886,618)	(994,818)	(108,200)
Excess (deficiency) of revenue over expenditures	(207,633)	-	714,798	714,798
Fund balance, January 1	2,930,467	2,930,467	2,930,467	-
Fund balance, December 31	\$ 2,722,834	\$ 2,930,467	\$ 3,645,265	\$ 714,798

See accompanying notes.



Duchesne County  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD FUND (SPECIAL REVENUE)**  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,210,000	2,210,000	1,742,606	(467,394)
Charges for services, fees	-	-	-	-
Miscellaneous	30,000	30,000	251	(29,749)
Earnings on investments	20,000	20,000	38,343	18,343
Total Revenue	2,260,000	2,260,000	1,781,200	(478,800)
<b>Expenditures:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Highways & public improvements	2,203,000	2,203,000	1,151,742	1,051,258
Culture and recreation	-	-	-	-
Community & economic development	-	-	-	-
Capital outlay	300,000	300,000	1,333,104	(1,033,104)
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	2,503,000	2,503,000	2,484,846	18,154
Excess (deficiency) of revenue over expenditures	(243,000)	(243,000)	(703,646)	(460,646)
<b>Other Sources &amp; Uses:</b>				
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Excess (deficiency) of revenue over expenditures	(243,000)	(243,000)	(703,646)	(460,646)
Fund balance, January 1	1,647,041	1,647,041	1,647,041	-
Fund balance, December 31	\$ 1,404,041	\$ 1,404,041	\$ 943,395	\$ (460,646)

See accompanying notes.

Duchesne County  
**BUDGETARY COMPARISON SCHEDULE**  
**SOLID WASTE FUND (SPECIAL REVENUE)**  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services, fees	400,000	440,000	380,979	(59,021)
Miscellaneous	-	-	-	-
Earnings on investments	-	10,000	38,128	28,128
Total Revenue	400,000	450,000	419,107	(30,893)
<b>Expenditures:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public health	400,000	447,990	373,755	74,235
Highways & public improvements	-	-	-	-
Culture and recreation	-	-	-	-
Community & economic development	-	-	-	-
Capital outlay	-	2,010	-	2,010
Debt Service:				
Principal	-	-	-	-
Interest & fees	-	-	-	-
Total Expenditures	400,000	450,000	373,755	76,245
Excess (deficiency) of revenue over expenditures	-	-	45,352	45,352
<b>Other Sources &amp; Uses:</b>				
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Excess (deficiency) of revenue over expenditures	-	-	45,352	45,352
Fund balance, January 1	1,318,461	1,318,461	1,318,461	-
Fund balance, December 31	<u>\$ 1,318,461</u>	<u>\$ 1,318,461</u>	<u>\$ 1,363,813</u>	<u>\$ 45,352</u>

Duchesne County  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
December 31, 2005

	Private-Purpose Trusts	Agency
<b>Assets</b>		
Cash and cash equivalents	\$ 98,093	\$ 3,718,743
<b>Total Assets</b>	<u>\$ 98,093</u>	<u>\$ 3,718,743</u>
<b>Liabilities &amp; Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Payable to other government units	-	3,718,743
<b>Total Liabilities</b>	-	3,718,743
<b>Net Assets:</b>		
Held in trust for private purposes	98,093	-
<b>Total Net Assets</b>	<u>98,093</u>	<u>-</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 98,093</u>	<u>\$ 3,718,743</u>

See accompanying notes.

Duchesne County  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

For the Year Ended December 31, 2005

	Private-Purpose Trusts
<b>Additions</b>	
Interest	\$ 3,028
Contributions	-
Total Additions	3,028
<b>Deductions</b>	
Distributions of benefits	-
Other	-
Total Deductions	-
Change in Net Assets	3,028
Beginning Net Assets	95,065
Ending Net Assets	<u>\$ 98,093</u>

See accompanying notes.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**NOTE 1      Summary of Significant Accounting Policies**

**Reporting Entity**—Duchesne County (the County) is incorporated under the laws of the State of Utah as provided by both constitution and statute. The County operates under a Commissioner form of government, the commission being composed of three elected members serving as part time legislators and administrators. The government provides the following services as authorized by its charter; public safety, public health, streets and highways, sanitation, social service, culture recreation, education, public improvements, planning and zoning, and general administrative service.

The accounting policies of the Duchesne County conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the County has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include (1) appointing a voting majority of an organization's governing body, (2) the ability of the County to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

As required by generally accepted accounting principles, these financial statements present Duchesne County (the primary government) and its component units. The component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. The component units had separately issued financial statements. Complete financial statements of the individual component units can be obtained from their respective administrative offices. The following component units are included:

*Duchesne County Special Service District #2* - A special district organized by Duchesne County which provides financing for county roads. This is included in the financial statements in the component unit column.

*Fruitland Special Service District* - A special district organized by Duchesne County which provides water services to the Fruitland area in the County. This district is found in the proprietary fund column.

The County is affiliated with other component units but have not included these units in their financial statements because their operational and financial relationship with the County is less significant. The impact these units may have on the County's financial statements will be evaluated periodically. The units are the following:

- ▶ Pinon Forest Special Service District
- ▶ Cedarview-Montwell Special Service District.

Disclosures of the component units follow those of the primary government in these notes to the financial statements. The accounting policies of Duchesne County conform to generally accepted accounting principles as applicable to governments.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**Related Entities**—The County is related to three other entities that are not considered component units.

*Duchesne/Wasatch Special Service District* (commonly known as the Bluebench Landfill) is a special district created in 1998 for the Counties of Duchesne and Wasatch for the purpose of operating a solid waste landfill. The District's revenues are received through tippage fees charged to each County based on tonnage delivered to the landfill. Duchesne County accounts for its tippage expenses in a solid waste special revenue fund. The County Commissioners from both Counties comprise the Landfill's Board of Directors (neither County has a majority vote). The County reports its share of the investment in the Bluebench Landfill.

*Uintah Basin Medical County* is a nonprofit hospital within Duchesne County. The Medical County was created Duchesne County as a Utah nonprofit corporation. The Medical County received nonprofit 501c3 status from the internal revenue service. The County holds the ownership interest in the nonprofit. Although the County Commissioners appoint the Medical County's board members, the County is unable to impose its will or be financially burdened by the Medical County. The Commissioners do hold the right to dissolve or sell the Medical County.

*Duchesne County Mosquito Abatement District* operates mosquito control within the County. The County appoints one board member to the District and is unable to exert any control.

**Government-Wide and Fund Financial Statements**—The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *road fund* is a special revenue fund used to account for the expenditures of B & C road fund revenue received from the State of Utah.

The *solid waste fund* is a special revenue fund used to account for the County's expenditures to the landfill.

The *capital projects fund* is the government's fund to account for capital projects.

The *debt service fund* is the County's fund to receive transfers from other funds for debt service.

Additionally, the government reports the following fiduciary funds:

The *private-purpose trust fund* is used to account for funds donated locally to provide benefits unrelated to the County's operations.

The *agency fund* is used to track the liabilities associated with collecting money that does not belong to the County.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**Deposits and Investments**—The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables**—All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., the noncurrent portion of interfund loans). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Property Taxes**—The property tax revenue of the County is collected and distributed by Duchesne County. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the County Treasurer. Tax notices are mailed with a due date of November 30. The tax assessments are considered past due January 15 after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Utah State legislation requires motor vehicles be subject to an age based fee that is due each time a vehicle is registered. The age based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each County from motor vehicle fees is distributed by the County to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The County recognizes motor vehicle fees as property tax revenue when collected by the County.

As of December 31, 2005, property taxes receivable by the County includes uncollected taxes assessed as of the January 1, 2005 or earlier. The County expects that all taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

**Inventories and Prepaid Items**—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**—At times, the County may have funds set aside that are legally restricted or their use is limited by certain covenants. Restricted assets will be expended first when possible.



**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**Capital Assets**—Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Infrastructure (roads and bridges) are not depreciated by the County. The County has adopted a modified approach to tracking the condition of infrastructure (please refer to related note disclosure). Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

Assets	Useful Life In Years
Buildings	40
Building improvements	5 to 15
Furniture & fixtures	15
Heavy equipment	10 to 18
Equipment	5
Vehicles	5 to 10
Office & computer equipment	3 to 10

**Compensated Absences**—The government's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave because the government does have a policy to pay certain amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-term Obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments and issuance costs (whether or not withheld from the actual debt proceeds received) are reported as debt service expenditures.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**Fund Equity**—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications**—Comparative total data for the prior year, if presented, have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Use of Estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Budgetary Data**—Budgets are presented on the modified accrual basis of accounting for all governmental funds of the County. The following procedures are used in establishing the budgetary data:

- ▶ During November and December of each year, the County Auditor/Clerk prepares the budget for County's funds. The Auditor/Clerk submits this budget to the County Commissioners.
- ▶ Copies of the budget are made available for public inspection for seven days prior to adoption.
- ▶ The Commissioners hold a public hearing on or before December 22 of each year to receive public comment on the budget. Notice of such meeting to be published in newspaper or posted 2 weeks prior to hearing. Commissioner approval follows shortly thereafter.
- ▶ By June 22, the proposed tax rate based on the established budget is adopted by resolution or ordinance. If there is no increase in the certified tax rate, a final rate is adopted by June 22. A copy of the budget is certified by the budget officer and filed with County Auditor within thirty days of adoption.
- ▶ The proposed or final tax rate must also be submitted to County Auditor by June 22. If the County sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing has been held. Until the hearing is held and a final budget and tax rate are adopted, the County may expend monies based on, 1) its tentative budget after adoption, or 2) its prior years' adopted final budget as amended, which must be readopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17 (copy due to County Auditor within thirty days of adoption). Budgeted property taxes are the basis for determining the property tax levy.
- ▶ Budget shall be in effect subject to later amendment and shall be available for public inspection.
- ▶ Board may, by resolution, transfer unexpended appropriation from one department to another department within the same fund or they may reduce the budget in any department or fund. Specific restrictions apply.
- ▶ Board may increase the total budget in a fund after meeting notification and public hearing. The County did increase its budget near year-end.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**NOTE 2      Deposits and Investments**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The County and component units follow the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of County funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

**Primary Government**

***Summary of Deposits & Investments***

Reconciliation to the Balance Sheet			
Balance Sheet		Deposits & Investments	
Cash & cash equivalents	\$ 9,722,761	Checking & savings	\$ 20,261
		- Zions repurchase agreement	(43,416)
		- State of Utah Investment Pool	7,126,916
		- Federal home loan bonds	2,619,000
		- Petty cash	100
Totals	<u>\$ 9,722,761</u>		<u>\$ 9,722,761</u>

***Deposits***

**Custodial Credit Risk-**Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As of December 31, 2005, County's cash balances were \$20,261 and bank balances were \$20,261. Of the bank balances, \$0 were uninsured.

***Investments***

The Money Management Act defines the types of securities authorized as appropriate investments for the County and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the County to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
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nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

During the year ended December 31, 2005, the County used an overnight sweep agreement (uninsured and unregistered, with securities held by the bank in the County's name) to transact funds in a government money market portfolio that primarily invests in obligations of the United States Treasury, agencies or instrumentalities of the United States that meet allowable investments of the Utah Money Management Act. This sweep account's balances which are included in the totals above had carrying balance of \$(43,416) and a bank balance of \$817,662.

As of December 31, 2005, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Repurchase agreement (sweep)	\$ (43,416)	\$ (43,416)	\$ -	\$ -	\$ -
Federal home loan bonds	2,619,000	2,619,000	-	-	-
Utah Investment Pool	7,126,916	7,126,916	-	-	-
Total	<u>\$ 9,702,500</u>	<u>\$ 9,702,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk-** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

**Credit Risk-** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At December 31, 2005, the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Repurchase agreement (sweep)	\$ (43,416)	\$ -	\$ -	\$ -	\$ (43,416)
Federal home loan bonds	2,619,000	-	-	-	2,619,000
Utah Investment Pool	7,126,916	-	-	-	7,126,916
Total	<u>\$ 9,702,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,702,500</u>

**Custodial Credit Risk-**Custodial credit risk is the risk that, in the event of a outside party failure, the County's investments may not be returned to it. The County does not have a formal deposit policy for custodial credit risk. As

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
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of June 30, 2005, County's investment balances were \$9,702,500. Of the investment balance, \$9,702,500 was uninsured and \$7,083,500 uncollateralized.

**Concentration of Credit Risk-** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

**Cash Related to Duchesne County Special Service District #2 (a component unit)**

Reconciliation to the Balance Sheet			
Balance Sheet		Deposits & Investments	
Cash	\$ 732,258	Checking & savings	\$ 2,470
		- Utah Public Treasurer Pool	729,788
		- Cash	-
Totals	<u>\$ 732,258</u>		<u>\$ 732,258</u>

***Deposits***

The District's deposits consist of a checking account at Zions First National Bank with a carrying balance of \$2,470.

**Custodial Credit Risk-**Custodial credit risk is the risk that, in the event of a bank failure, the Association's deposits may not be returned to it. The Association does not have a formal deposit policy for custodial credit risk. As of December 31, 2005, \$0 of the Association's bank balance of \$3,098 was uninsured and uncollateralized.

***Investments***

The Money Management Act defines the types of securities authorized as appropriate investments for the Association and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Association to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
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Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses (net of administration fees), of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Utah Public Investment Fund	729,788	729,788	-	-	-

**Interest Rate Risk**—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

**Credit Risk**—Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Utah Public Investment Fund	729,788	-	-	-	729,788

**Concentration of Credit Risk**—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Association's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

**Cash Related to Fruitland Special Service District (a component unit)**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
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depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Reconciliation to the Balance Sheet			
Balance Sheet		Deposits & Investments	
Cash	\$ 13,771	Checking & savings	\$ 13,771
Savings	198,099	Utah Public Treasurer Pool	329,700
Restricted cash	131,601	Cash	-
Totals	<u>\$ 343,471</u>		<u>\$ 343,471</u>

***Deposits***

***Custodial Credit Risk***—Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2005, \$0 of the District's bank balances of \$12,103 (carrying balance of \$13,771) was uninsured and uncollateralized.

***Investments***

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses (net of administration fees), of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

As of December 31, 2005, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Utah Public Investment Fund	329,700	329,700	-	-	-

**Interest Rate Risk**—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

**Credit Risk**—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At December 31, 2005, the District had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Utah Public Investment Fund	329,700	-	-	-	329,700

**Concentration of Credit Risk**—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.



**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**NOTE 3      Capital Assets**

Changes in the capital assets of the County are as follows. Amounts listed are net of accumulated depreciation except for infrastructure which follows the modified approach and is not depreciated. Please note that infrastructure has been adjusted to correct errors in prior year balances.

Assets	2004	Adjustment	Additions	Depreciation	Disposals	2005
Infrastructure	\$ 21,862,042	\$ 1,197,268	\$ 739,108	\$ -	\$ -	\$ 23,798,418
Land	88,802	-	1,800,000	-	(14,690)	1,874,112
Buildings & improvements	18,676,013	37,335	603,985	-	(571,337)	18,745,996
Equipment	6,182,051	-	1,045,436	-	(535,892)	6,691,595
Sub-total	46,808,908	1,234,603	4,188,529	-	(1,121,919)	51,110,121
Accumulated depreciation	(10,942,122)	-	-	(1,209,149)	562,559	(11,588,712)
Net assets	<u>\$ 35,866,786</u>	<u>\$ 1,234,603</u>	<u>\$ 4,188,529</u>	<u>\$ (1,209,149)</u>	<u>\$ (559,360)</u>	<u>\$ 39,521,409</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Function	Depreciation
General	\$ 186,079
Roads	288,570
Sheriff & courts	191,424
Fire	194,655
Corrections	236,103
Health & sanitation	63,493
Culture & recreation	42,204
Community development	6,621
Total	<u>\$ 1,209,149</u>

**Capital Assets Related to Duchesne County Special Service District #2 (a component unit)**

The District did not have any capital asset activity during the year.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Capital Assets Related to Fruitland Special Service District (a component unit)**

<b>Fixed Asset Activity</b>	<b>2004</b>	<b>Increase</b>	<b>Decrease</b>	<b>2005</b>
Land (not depreciated)	\$ 2,000	\$ -	\$ -	\$ 2,000
Water system	3,231,055	-	-	3,231,055
Building & improvements	29,392	-	-	29,392
Equipment	5,860	-	-	5,860
Sub-total	3,268,307	-	-	3,268,307
Accumulated depreciation	(816,124)	(85,854)	-	(901,978)
Fixed assets net of depreciation	<u>\$ 2,452,183</u>	<u>\$ (85,854)</u>	<u>\$ -</u>	<u>\$ 2,366,329</u>

**NOTE 4 Long-term Debt**

**Long-term debt related to the primary government**

The County's long-term debt consists of the following obligations at December 31, 2005:

- Note A **1996 Lease Revenue Bond**--\$1,200,000 issued April 10, 1998, 0.00% interest, payments begin February 1, 2001 until maturity on February 1, 2025 at \$48,000 yearly. Bond is callable by County upon 30 days notice, first payment February 1, 2001.
- Note B **1996A G.O. Refunded Bond**--\$5,000,000 issued April 10, 1998, interest varies from 7.3% in 1999 to 5.0% in 2016, payments vary beginning January 1, 1999 until maturity on January 1, 2016. Bonds due on or after January 1, 2007 are callable by County on or after July 1, 2006 @ 100%. First interest payment July 1, 1998. Refunded October 21, 2004 except for a balance of \$250,000.
- Note C **1996B G.O. Bond**--\$2,000,000 issued April 10, 1998, 2.50% interest, payments vary beginning February 1, 2025. Bond is callable by County upon 30 days notice. First interest payment February 1, 2001.
- Note D **1997A Lease Revenue Bond**--\$206,250 issued April, 1998, 2.5% interest, payments begin April 1, 1999 averaging \$21,000 yearly.
- Note E **2001 Lease Revenue Bond**--\$1,100,000 issued August 9, 2001, 0.0% interest, payments begin March 1, 2003 averaging \$73,500 yearly through year 2024.
- Note F **2004 G.O. Refunding Bond**--\$3,495,000 issued October 21, 2004, interest varies from 3.00% to 4.15%, payments begin January 1, 2005 ranging from \$300,000 to \$405,000 yearly through year 2015.
- Note G **Fausett Note Payable**--\$1,800,000 issued July, 1992, interest 5.0%, settlement date April 4, 2006 for balance outstanding. Loan was taken off books for about 5 years due to apparent contract dissolution. Litigation between County and Fausett settled to reinstate loan at \$573,069.
- Note H **2005 Library G.O. Bond**--\$328,000 issued November, 2005, interest 0.00%, payments \$16-17,000 from July, 2007 through July, 2026.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**Note I 2005 Roosevelt Annex G.O. Bond--\$371,000** issued October, 2005, interest 0.00%, payments \$19-18,000 from July, 2007 through July, 2026.

Debt	2004	Additions	Deletions	2005	Current Portion
A	\$ 960,000	\$ -	\$ -	\$ 960,000	\$ 48,000
B	250,000	-	(250,000)	-	-
C	1,642,000	-	(66,000)	1,576,000	68,000
D	89,000	-	(21,000)	68,000	22,000
E	954,000	-	(73,000)	881,000	73,000
F	3,430,000	-	(30,000)	3,400,000	290,000
G	-	573,069	(20,426)	552,643	552,643
H	-	328,000	-	328,000	-
I	-	371,000	-	371,000	-
<b>Totals</b>	<b>\$ 7,325,000</b>	<b>\$ 1,272,069</b>	<b>\$ (460,426)</b>	<b>\$ 8,136,643</b>	<b>\$ 1,053,643</b>

Schedule of Payments	Principal	Interest	Total
2006	\$ 1,053,643	\$ 170,842	\$ 1,224,485
2007	549,000	153,458	702,458
2008	555,000	142,133	697,133
2009	544,000	129,718	673,718
2010	561,000	117,183	678,183
2011-2015	3,048,000	363,005	3,411,005
2016-2020	1,019,000	79,475	1,098,475
2021-2025	772,000	20,725	792,725
2026-2030	35,000	-	35,000
	<b>\$ 8,136,643</b>	<b>\$ 1,176,539</b>	<b>\$ 9,313,182</b>

**Long-term debt related to the Duchesne County Special Service District**

The District did not have any long-term debt or any debt activity during the year.

**Long-term debt related to the Fruitland Special Service District**

The Fruitland Special Service District has the following long-term obligations:

**Note A 1989A Revenue Bond--State of Utah Department of Water Resource Revenue Bond 1989A**, payments of \$21,000, 0% interest for 25 years, matures year 2015, face amount of \$750,000.

**Note B 1989BC Revenue Bonds--State of Utah Department of Water Resource Revenue Bonds 1989B & C**, payments average \$19,000, 0% interest for 25 years, matures year 2015, face amount of \$680,000.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**Note C 1997A Revenue Bond--** State of Utah Parity Water Revenue Bond 1997A, payments of \$4-6,000, 2.5% interest for 25 years, matures year 2023, face amount of \$120,000.

**Note D 1997B Revenue Bond--** State of Utah Parity Water Revenue Bond 1997B, payments of \$8-10,000 and later \$80,000, 0% interest for 20 years, matures year 2019, face amount of \$400,000.

Long-term Debt	2004	Increase	Decrease	2005	Current Portion
Loan A	\$ 443,000	\$ -	\$ -	\$ 443,000	\$ 28,000
Loan B	372,000	-	-	372,000	25,000
Loan C	88,662	-	(4,000)	84,662	4,000
Loan D	328,152	-	-	328,152	10,000
	<u>\$ 1,231,814</u>	<u>\$ -</u>	<u>\$ (4,000)</u>	<u>\$ 1,227,814</u>	<u>\$ 67,000</u>

Schedule of Payments	Principal	Interest	Total
2006	\$ 67,000	\$ 2,117	\$ 69,117
2007	85,000	2,017	87,017
2008	85,000	1,917	86,917
2009	86,000	1,817	87,817
2010	86,000	1,692	87,692
2011-2015	476,000	6,583	482,583
2016-2020	332,152	3,433	335,585
2021-2025	10,662	383	11,045
	<u>\$ 1,227,814</u>	<u>\$ 19,959</u>	<u>\$ 1,247,773</u>

**NOTE 5      Employer Contributing to a Cost Sharing Multiple Employer Defined Benefit Pension Plan**

**Plan Description.** The County contributes to the Local Governmental Contributory Retirement System and Public Safety Retirement System for employers with Social Security Coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**Funding Policy.** For January 2005 to June 2005, plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (6.00% is paid by the County for the employee) and the County is required to contribute 7.08% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage plan members are required to contribute 12.29% of their salary (5.38% is paid by the County for the employee) and the County is required to contribute 7.70% of their salary.

For July 2005 to December 2005 plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (6.00% is paid by the County for the employee) and the County is required to contribute 7.08% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage plan members are required to contribute 12.29% of their salary (5.13% is paid by the County for the employee) and the County is required to contribute 7.95% of their salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

**Contributions.** The County contributions to the Local Governmental Contributory Retirement System for the years listed were as follows. The contributions were equal to the required contributions for each year.

	Salary Subject to Contribution	Year-ended December 31	Employee Paid Contributions	Employer Paid Contributions	Employer Contributions
Local Government:	\$ 2,298,865	2005	\$ -	\$ 137,932	\$ 162,760
	2,136,561	2004	-	128,194	135,782
	1,881,807	2003	-	112,907	97,058
Public Safety:	1,513,614	2005	106,468	79,555	118,425
	1,484,271	2004	89,803	92,615	90,558
	\$ 1,388,304	2003	62,565	108,058	\$ 46,820
457 Plan	n/a	2005	7,499	-	n/a
	n/a	2004	2,007	-	n/a
	n/a	2003	1,774	-	n/a
401(k)	n/a	2005	33,756	76,637	n/a
	n/a	2004	27,566	64,002	n/a
	n/a	2003	\$ 25,904	\$ 55,311	n/a

**Duchesne County**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**NOTE 6    Litigation**

There are pending and continuing lawsuits in which the County is involved. County officials estimate that the potential liability not covered by insurance which might result from such litigation would not materially affect the financial position of the County.

A law suit was filed March 7, 2003 for \$9,050,000. The outcome and estimated liability is unknown and inestimable. Seven other suits exist, but their potential for liability to the County is immaterial.

**NOTE 7    Change in Beginning Net Assets**

The beginning net assets balance in the Statement of Activities was increased \$1,234,603 to account for additional roads and small bridges that were not included in the infrastructure balance.

## Combining Statements

Duchesne County  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2005

	Library	Grants	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 215,149	\$ (301,611)	\$ (86,462)
Receivables, net of allowances:			
Taxes or customer	36,886	-	36,886
Delinquent taxes	-	-	-
Interest	-	-	-
Intergovernmental	-	247,702	247,702
Prepaid expenses	-	-	-
Investment in joint venture	-	-	-
<b>Total Assets</b>	<b>\$ 252,035</b>	<b>\$ (53,909)</b>	<b>\$ 198,126</b>
<b>Liabilities &amp; Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 297	\$ 297
Accrued payroll and related items	6,696	-	6,696
Deferred revenue	-	54,900	54,900
<b>Total Liabilities</b>	<b>6,696</b>	<b>55,197</b>	<b>61,893</b>
<b>Fund Balances:</b>			
Designated balance	-	-	-
Reserved balance	245,339	(109,106)	136,233
Unreserved	-	-	-
<b>Total Fund Equity</b>	<b>245,339</b>	<b>(109,106)</b>	<b>136,233</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 252,035</b>	<b>\$ (53,909)</b>	<b>\$ 198,126</b>

See accompanying notes.



Duchesne County  
**COMBINING STATEMENT OF REVEUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2005

	Library	Grants	Total
<b>Revenues:</b>			
Taxes	\$ 142,201	\$ -	\$ 142,201
Licenses and permits	-	-	-
Intergovernmental	91,267	946,990	1,038,257
Charges for services, fees	6,602	-	6,602
Miscellaneous	-	-	-
Earnings on investments	6,798	-	6,798
Total Revenue	246,868	946,990	1,193,858
<b>Expenditures:</b>			
General government	-	-	-
Public safety	-	688,189	688,189
Public health	-	-	-
Highways & public improvements	-	-	-
Culture and recreation	239,529	-	239,529
Community & economic development	-	282,057	282,057
Capital outlay	1,796	-	1,796
Debt Service:			
Principal	-	-	-
Bond issuance costs	-	-	-
Interest & fees	-	-	-
Total Expenditures	241,325	970,246	1,211,571
Excess (deficiency) of revenue over expenditures	5,543	(23,256)	(17,713)
<b>Other Sources &amp; Uses:</b>			
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Operating transfer in	-	-	-
Operating transfer (out)	-	(25,000)	(25,000)
Excess (deficiency) of revenue over expenditures after other sources & uses	5,543	(48,256)	(42,713)
Fund balance, January 1	239,796	(60,850)	178,946
Fund balance, December 31	\$ 245,339	\$ (109,106)	\$ 136,233

See accompanying notes.

Duchesne County  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
December 31, 2005

	Fruitland Water	Special Service District No. 2	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 343,471	\$ 732,258	\$ 1,075,729
Receivables, net of allowances:			
Taxes or customer	22,304	-	22,304
Delinquent property taxes	-	-	-
Interest	-	-	-
Intergovernmental	-	1,157,557	1,157,557
Prepaid expenses	341	-	341
Total current assets	366,116	1,889,815	2,255,931
Non current assets:			
Capital assets, net of accumulated depreciation	2,364,329	-	2,364,329
Land & infrastructure	155,601	-	155,601
Investment in joint venture	-	-	-
Total noncurrent assets	2,519,930	-	2,519,930
<b>Total Assets</b>	<b>\$ 2,886,046</b>	<b>\$ 1,889,815</b>	<b>\$ 4,775,861</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 14,447	\$ 320,981	\$ 335,428
Deferred revenue	3,838	-	3,838
Accrued payroll and related items	2,806	-	2,806
Note & bonds payable-current	67,000	-	67,000
Total current liabilities	88,091	320,981	409,072
Noncurrent liabilities:			
Notes & bonds payable-long-term	1,160,814	-	1,160,814
Total noncurrent liabilities	1,160,814	-	1,160,814
<b>Total Liabilities</b>	<b>1,248,905</b>	<b>320,981</b>	<b>1,569,886</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt		-	-
Restricted assets		-	-
Unrestricted assets	1,637,141	1,568,834	3,205,975
<b>Total Net Assets</b>	<b>1,637,141</b>	<b>1,568,834</b>	<b>3,205,975</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 2,886,046</b>	<b>\$ 1,889,815</b>	<b>\$ 4,775,861</b>

See accompanying notes.

**Duchess County**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
For the Year Ended December 31, 2005

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Fruitland Water	Special Service District No. 2 Total
<b>Fruitland Water</b>						
Culinary water services	\$ 151,917	\$ 164,103	-	\$ 69,250	\$ 81,436	\$ 81,436
Total Fruitland Water	151,917	164,103	-	69,250	81,436	
<b>Special Service District No. 2</b>						
Road maintenance & construction	1,957,206	-	2,245,906	-		288,700
Total Special Service District No. 2	1,957,206	-	2,245,906	-		288,700
Total Component Units	\$ 2,109,123	\$ 164,103	\$ 2,245,906	\$ 69,250		370,136
<b>General Revenues:</b>						
Fees in lieu of taxes					-	43,319
Property taxes					-	-
Sales taxes					-	-
Earnings on investments					8,383	41,910
Total General Revenues					8,383	85,229
Change in Net Assets					89,819	365,546
Beginning Net Assets					1,547,322	1,203,288
Ending Net Assets					\$ 1,637,141	\$ 1,568,834
						\$ 3,205,975

See accompanying notes.  
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Required Supplementary Information

**Duchesne County**  
**SCHEDULE OF CONDITION ASSESSMENT FOR INFRASTRUCTURE**  
**December 31, 2005**

	Condition Assessment (5 is best)						Average
Type of Infrastructure:	1	2	3	4	5	Totals	Condition
<b>Roads</b>							
Paved road 24' wide, 30' wide with shoulders	29	40	116	97	117	398	
Actual Percentage	7%	10%	29%	24%	29%		3.58
Target Condition Percentage	10%	10%	30%	25%	25%		3.45
Gravel roads with no shoulders--18' to 24' wide	-	21	165	94	126	406	
Actual Percentage	0%	5%	41%	23%	31%		3.80
Target Condition Percentage	0%	5%	40%	25%	30%		3.80
Dirt roads with no shoulders--16' to 24' wide	123	126	63	-	-	311	
Actual Percentage	39%	40%	20%	0%	0%		1.81
Target Condition Percentage	40%	40%	20%	0%	0%		1.80
<b>Bridges</b>							
Bridges--lengths 20' to 75', widths 16' to 24'	-	-	14	8	28	50	
Actual Percentage	0%	0%	28%	16%	56%		4.28
Target Condition Percentage	0%	0%	30%	15%	55%		4.25
Bridges--lengths less than 20'	-	1	3	8	5	17	
Actual Percentage	0%	2%	18%	47%	29%		3.92
Target Condition Percentage	0%	5%	25%	45%	25%		3.90

Note: The County has adopted the current road condition as the targeted condition so as the roads do not worsen throughout. The County has the opportunity to adopt a new standard as necessary. The County has assessed the system in the year 2005. The County has agreed to assess road and bridge conditions at least one-third each year.

<u>Budget &amp; Actual Road Expenditures</u>	<u>Government-wide Costs</u>
2006 budget to maintain roads at current condition	2,666,330
2005 actual	1,914,607
2004 actual	1,847,030
2003 actual	2,603,888
2002 actual	2,169,111
2001 actual	n/a

See accompanying notes.

# **DUCHESE COUNTY** **Treasurer's Statement of Current Taxes Levied and Collected Including Treasurer's Relief** For the year ending December 31, 2005

Taxing Unit	Local & State Real Property	Personal Property Value	Current Year Tax Rate	Prior Year Tax Rate	Real Property Tax	Personal Property Tax	Total Tax	Unpaid Taxes	Abate- ments	Other	Total Relief	Taxes Collected	Percent Collected	Fees In-Lieu	Misc.	Tax	Interest/ Penalty	Total Collections
County General	790,254,364	27,885,895	0.003128	0.003219	2,471,916	89,765	2,561,681	115,653	34,062	(23,160)	126,555	2,435,125	95.06%	309,723	55,150	111,431	115,308	3,026,737
Assessing & Collecting:																		
Local	790,254,364	27,885,895	0.000300	0.000180	162,037	5,019	167,056	11,092	3,267	(5,825)	8,534	233,562	96.48%	29,698	3,824	8,473	1,315	276,872
State	790,254,364	27,885,895	0.000173	0.000245	136,714	6,832	143,546	6,396	1,884	587	8,867	134,679	93.82%	17,130	2,589	6,082	855	161,335
County Library	790,254,364	27,885,895	0.000152	0.000156	120,119	4,350	124,469	5,620	1,655	(1,137)	6,138	118,331	95.07%	15,051	2,596	5,410	759	142,147
School District:																		
Local School	790,254,364	27,885,895	0.006458	0.006317	5,103,463	176,155	5,279,618	238,774	70,325	(57,059)	252,040	5,027,579	95.23%	639,412	113,132	208,490	29,918	6,018,531
State School	790,254,364	27,885,895	0.001720	0.001800	1,359,238	50,195	1,409,433	63,594	18,730	(11,892)	70,432	1,339,000	95.00%	170,311	25,851	60,295	8,416	1,603,873
Allamont City	4,330,575	348,530	0.002548	0.002701	11,034	941	11,975	207	753	(289)	671	11,304	94.39%	5,047	1,294	790	44	18,479
Duchene City	26,540,590	3,491,960	0.002693	0.002866	71,474	10,008	81,482	5,916	3,640	2,711	12,267	69,214	84.94%	19,333	5,040	6,130	482	100,199
Myton City	4,898,730	417,730	0.003056	0.003411	14,971	1,425	16,396	1,706	733	305	2,744	13,651	83.26%	11,205	1,159	3,097	335	29,447
Roosevelt City	110,692,265	8,322,075	0.004220	0.004466	467,121	37,166	504,287	19,895	10,333	(4,857)	25,371	478,917	94.97%	95,043	41,628	27,179	1,840	644,607
Tabiona Town	2,782,940	79,315	0.002023	0.002004	5,630	159	5,789	363	273	34	670	5,119	88.43%	2,939	2,262	244	11	10,575
Hanna Water & Sewer	15,896,400	245,015	0.000713	0.000676	11,334	166	11,500	512	143	(175)	480	11,019	95.82%	1,428	266	417	39	13,169
Pinon Forest	37,719,985	144,080	0.000337	0.000352	12,712	51	12,763	1,394	214	(270)	1,338	11,425	89.52%	812	423	1,363	187	14,210
Mosquito Abatement	790,254,364	27,885,895	0.000289	0.000313	228,384	8,728	237,112	10,685	3,147	(1,701)	12,131	224,980	94.88%	28,618	5,079	11,029	1,515	271,221
Tabby Valley Parks & Rec.	27,207,755	39,555	0.000847	0.000800	23,045	32	23,077	1,162	349	(292)	1,219	21,857	94.71%	1,124	787	916	49	24,733
Central Utah Water	790,254,364	27,885,895	0.000400	0.000353	316,102	9,844	325,946	14,789	4,356	(4,610)	14,535	311,410	95.54%	39,600	6,313	11,836	1,786	370,945
East Duchesne Water	-	-	0.000000	0.000298	-	-	-	-	-	-	-	-	0.00%	-	124	469	27	620
Johnson Water	-	-	0.000000	0.000550	-	-	-	-	-	-	-	-	0.00%	-	189	1,173	64	1,426
Upper Country Water	475,090,775	1,279,065	0.001656	0.002532	78,676	3,239	81,915	2,091	1,939	379	4,409	77,506	94.62%	19,431	4,116	6,378	472	107,903
Duchesne Co. Water Cons.	790,254,364	27,885,895	0.000340	0.000350	268,686	9,760	278,446	12,571	3,702	(2,514)	13,759	264,687	95.06%	33,665	5,838	12,092	1,692	317,974
Neola Park Improvement	68,034,554	351,825	0.000291	0.000370	19,798	130	19,928	565	233	(45)	753	19,175	96.22%	1,442	491	640	60	21,808
<b>Totals</b>							11,296,419	512,985	159,738	(109,810)	562,913	10,808,540		1,441,012	278,151	483,934	165,174	13,176,811

Note: Amounts based on a tax year of January 15, 2005 to January 15, 2006. Balances may vary from financial statements due to timing differences.  
Balances do not include amounts received directly from State Tax Commission, for example, State fee-in-lieu taxes.

Government Reports

**Duchesne County**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year Ended December 31, 2005*

Grantor/Pass-through/Program	CFDA Number	Pass-through Identifying Number	Federal Expenditures
<i>U.S. Department of Homeland Security</i>			
Homeland Security Grant	97.067	2004-05 Region V	\$ 388,764
F.E.M.A.	97.042		<u>85,629</u>
Total			474,393
<i>U.S. Department of Agriculture</i>			
Division of Natural Resources			
Grassland	10.666	n/a	40,212
Forest Service	10.67	n/a	77,734
Fire equipment grant	10.na	n/a	<u>9,003</u>
Total			126,949
<i>U.S. Department of Justice</i>			
Utah Department of Justice			
Domestic Violence Grants:			
V.O.C.A.	16.589	Utah 2005	8,207
Domestic Violence	16.589	Utah 2005	<u>34,859</u>
Total			<u>43,066</u>
Total Expenditures of Federal Awards			<u>\$ 644,408</u>

NOTE A: The accompanying schedule of expenditures of federal awards is a summary of the activity of Duchesne County's federal awards programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.





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**Report on Compliance and on Internal Control over Financial Reporting Based on an  
Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Honorable County Commissioners  
Duchesne County  
Duchesne, Utah 84021

We have audited the general purpose financial statements of Duchesne County as of and for the year ended December 31, 2005, and have issued our report thereon dated June 1, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Duchesne County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Aycock, Miles & Associates, CPAs**

June 1, 2006



**AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

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**Report on Compliance With Requirements Applicable to Each Major Program And  
Internal Control Over Compliance in Accordance With OMB Circular A-133**

Honorable County Commissioners  
Duchesne County  
Duchesne, Utah 84021

Compliance

We have audited the compliance of the Duchesne County, (the County), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the Duchesne County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on County's compliance with those requirements.

In our opinion, the Duchesne County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control over Compliance

The management of Duchesne County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the County as of and for the year ended December 31, 2005, and have issued our report dated June 1, 2006. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.

**Aycock, Miles & Associates, CPAs**

June 1, 2006



# **AYCOCK, MILES & ASSOCIATES, CPAs, P.C.**

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### **Schedule of Prior & Current Year Findings And Questioned Costs**

This report summarizes the years ending December 31, 2005 and 2004. This report discusses four key areas: 1) a summary of auditor's results, 2) findings related to the financial statements, 3) findings and questioned costs related to federal awards, and 4) findings related to Utah State compliance requirements.

#### **Summary of Auditors' Results for 2005**

##### ***Financial Statement Opinion***

We issued an unqualified opinion on the general purpose financial statements of Duchesne County.

##### ***Internal Control Reportable Conditions***

No reportable conditions were noted in the Report on Compliance and on Internal Control over Financial Reporting.

##### ***Noncompliance Material to the Financial Statements***

We noted no noncompliance material to the financial statements.

##### ***Major Program Internal Controls Over Compliance***

There were no reportable conditions relating to major program internal controls.

##### ***Opinion on Compliance for Major Programs***

In our opinion, the County complied, in all material respects, with compliance requirements, laws, and regulations applicable to its major programs.

##### ***Audit Findings Required to be Disclosed under OMB A-133 §.510(a)***

There are no audit findings under OMB A-133 §.510(a).

##### ***Major Programs Identified***

Based on the high and low-risk criteria and threshold amounts, there was one major program identified: 1) Homeland Security Grant (CFDA Number 97.067).

##### ***Dollar Threshold Used to Determine Type A & B Programs***

The threshold used in this Single Audit was \$300,000 in determining Type A or B programs.

##### ***Low-Risk or High-Risk Auditee***

The District qualified to be a low-risk auditee.

Findings Related to the General Purpose Financial Statements

No current or prior year findings in this area.

Findings and Questioned Costs Related to Federal Awards

No current or prior year findings in this area.

State of Utah General Compliance for 2005 and 2004

2004-1 Reportable Condition

Purchase orders were not utilized as described in the County's purchasing policy.

Criteria

The County's purchasing policy indicates that purchase orders (approval prior to purchase requisitions) are to be used when certain dollar amount thresholds are exceeded. Utah State Law requires that Counties adhere to their own purchasing policies.

Effect

The purpose of purchase orders is to verify competitive quotes, budget compliance, necessity of purchase, etc. Without the purchase order system working properly, the objectives may not be reached.

Status

This condition was not noted in during the 2005 year audit.

2004-2 Reportable Condition

Five departments of the County were over budget for year ending December 31, 2004.

Criteria

Budgets are in place at the County so that expenditures are maintained within the amount of appropriations or revenues.

Effect

Exceeding budgeted amounts can lead to deficit fund balances or reduced appropriations for future years.

Status

No departments exceeded their budget for the year ending December 31, 2005

**Aycock, Miles & Associates, CPAs**

June 1, 2006



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### **Independent Auditors' Report on State of Utah Legal Compliance**

Honorable County Commissioners, Duchesne County  
Duchesne County, Duchesne, Utah

We have audited the general purpose financial statements of Duchesne County, Utah, for the year ended December 31, 2005 and have issued our report thereon dated June 1, 2006. As part of our audit, we have audited Duchesne County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah:

B Road Funds

Liquor Law Enforcement Funds

CIB Fire Equipment Grant/Loan

The County received a nonmajor grant which is not required to be audited for specific compliance requirements; however, these programs, if any, were subject to testwork as part of the audit of Duchesne County's financial statements. The County received the following nonmajor assistance from the State of Utah:

Children's Justice Center

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the *State of Utah's Legal Compliance Audit Guide*, including:

Justice of Peace

Purchasing Requirements

Other Compliance Requirements

Public Debt

Budgetary Compliance Property Tax

Cash Management

The management of Duchesne County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether a material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for my opinion.

The results of our audit procedures disclosed no instances of noncompliance with the above requirements.

In our opinion, Duchesne County complied, in all material respects, with the general compliance requirements and major assistance requirements identified above for the year ended December 31, 2005.

**Aycock, Miles & Associates, CPAs**

June 1, 2006